



SENT TO COUNCIL:

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by Council Liaison's Office

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: STATE FUNDS AWARDED TO
SAN JOSÉ

DATE: July 25, 2005

Approved

Date

July 26, 2005

INFORMATION

In November 2002, California voters passed the Housing and Emergency Shelter Trust Fund Act, or Proposition 46, a proposition authorizing a \$2.1 billion General Obligation bond for a number of affordable housing programs. Proposition 46 provided funding for affordable housing programs administered by the California Department of Housing and Community Development (HCD) and the California Housing and Finance Agency (CalHFA), including assistance and incentives for the production of new rental housing, grants for construction of emergency shelters and facilities, funds for new for-sale housing, and downpayment mortgage assistance for first-time homebuyers.

On July 5, 2005, HCD announced the successful grantees for several Proposition 46 programs. The City of San José received \$24,686,238 in new funds, or 15% of the \$162 million in awards made Statewide.

Workforce Housing Reward Program

The WFH program is designed to encourage cities and counties to develop new residential housing and reward those jurisdictions that approve housing for low-income households. In order to be eligible for funding, jurisdictions must be in compliance with State housing element law. Awards are made to jurisdictions based on the number of building permits issued for affordable housing units, with larger grants provided for units with larger bedroom sizes and deeper affordability levels. Additionally, the WFH program was designed to provide a bonus award to jurisdictions that met the Regional Housing Needs Allocation determined by the regional Council of Governments. Funds provided through WFH may be used for projects that benefit the community and add to the community's quality of life.

Based on the program rules, the City of San José applied for a total of \$2,040,600, including \$133,600 for the Regional Housing Needs Bonus. During 2004, the City provided final land use approval and issued building permits for more affordable housing units than any other City in the State. San Jose's eligible units totaled over 660, 5% more than Los Angeles and more than twice the number of units submitted by the City of San Diego. Due to the large number of eligible applications Statewide, HCD was forced to scale back awards and the City of San Jose was awarded \$1,309,741 from the Workforce Housing Reward Program (WFH). The funds to be

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awarded to the City will be used for a variety of site improvements, amenities, and community infrastructure identified in the WFH application.

Multifamily Housing Program

The Multifamily Housing Program (MHP) provides low-interest loans to developers for multifamily rental and transitional housing projects involving new construction, rehabilitation, acquisition and rehabilitation, and conversion of nonresidential structures. The Program encourages developers to provide housing affordable to very low- and extremely-low income families. Approximately one-third of all Prop 46 funds, or \$779 million, has been budgeted for MHP.

The following affordable housing developers received awards from MHP for new housing developments in San José:

- Charities Housing Development and CORE Affordable Housing, LLC received two awards from this program. *Paseo Senter Family I* received \$10.5 million for the development of a 117-unit housing development located on the east side of Senter Road, south of Needles Drive, and *Paseo Senter Family II* was awarded \$9 million for the development of a 101-unit housing development located on the east side of Senter Road, south of Needles Drive. MHP funds will leverage City of San Jose funding commitments of \$7.1 million for Paseo Senter Family I and \$5.9 million for Paseo Senter Family II, approved by the City Council on June 16, 2004.
- First Community Housing, Inc. received an award for *Gish Terrace* in the amount of \$3,876,497 for the development of a 35-unit housing development located at First and Gish Streets. The City Council approved a funding commitment of \$2.2 million for Gish Terrace on January 24, 2005.

These three awards are the first MHP awards made in San Jose since the program was established in 1999 and are a result of the policy changes recently adopted by the City Council to encourage use of outside funding sources for affordable projects funded by the City. The project sponsors, Charities Housing Development, CORE Affordable Housing LLC, and First Community Housing, Inc. also merit credit for their efforts to seek out these funding opportunities.

Conclusion

The City and its partners have aggressively pursued funds made available with the passage of Proposition 46. Since April 2003 through June 2005, the California Department of Housing and Community Development (HCD) awarded the City and local agencies \$7,670,000 in grants. The most recent awards of \$24,686,238 now bringing the total amount of Proposition 46 funds received to \$32,356,238.


LESLYE CORBIGLIA
Director of Housing